

SENATE BILL No. 473

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-8; IC 27-13-1-10.5; IC 27-13-43.

Synopsis: Insurance health care administrative forms. Requires the department of insurance to prescribe: (1) a credentialing application form for use in accident and sickness insurer and health maintenance organization provider credentialing activities; and (2) a standard preauthorization procedure that must be used by an insurer or a health maintenance organization concerning whether a proposed health care service that a provider proposes to provide to an insured or enrollee is covered. Encourages health coverage providers to provide specified information and assistance on the provider's web site.

Effective: July 1, 2005.

Simpson

January 18, 2005, read first time and referred to Committee on Health and Provider Services.

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First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

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SENATE BILL No. 473

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 27-8-11-1 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. ~~As used in (a) The~~
3 **definitions in this section apply throughout** this chapter.

4 **(b) "Credentialing" means a process through which an insurer**
5 **makes a determination:**

6 **(1) based on criteria established by the insurer; and**

7 **(2) concerning whether a provider is eligible to:**

8 **(A) provide health care services to an insured; and**

9 **(B) receive reimbursement for the health care services;**

10 **under an agreement entered into between the provider and**
11 **the insurer under section 3 of this chapter.**

12 **(c) "Health care services":**

13 **(1) means health care related services or products rendered or**
14 **sold by a provider within the scope of the provider's license or**
15 **legal authorization; and**

16 **(2) includes hospital, medical, surgical, dental, vision, and**
17 **pharmaceutical services or products.**



(d) "Insured" means an individual entitled to reimbursement for expenses of health care services under a policy issued or administered by an insurer.

(e) "Insurer" means an insurance company authorized in this state to issue policies that provide reimbursement for expenses of health care services.

(f) "Person" means an individual, an agency, a political subdivision, a partnership, a corporation, an association, or any other entity.

(g) "Preferred provider plan" means an undertaking to enter into agreements with providers relating to terms and conditions of reimbursements for the health care services of insureds, members, or enrollees relating to the amounts to be charged to insureds, members, or enrollees for health care services.

(h) "Provider" means an individual or entity duly licensed or legally authorized to provide health care services.

SECTION 2. IC 27-8-11-7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 7. (a) This section applies to an insurer that issues or administers a policy that provides coverage for basic health care services (as defined in IC 27-13-1-4).**

(b) The department of insurance shall prescribe a credentialing application form in electronic or paper format, which must be used by:

(1) a provider who applies for credentialing by an insurer; and

(2) an insurer that performs credentialing activities.

SECTION 3. IC 27-8-17.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

Chapter 17.5. Preauthorization for Reimbursement

Sec. 1. The definitions in IC 27-13-1 apply throughout this chapter.

Sec. 2. As used in this chapter, "insurer" means an insurer (as defined in IC 27-1-2-3) that issues a policy of accident and sickness insurance.

Sec. 3. As used in this chapter, "policy of accident and sickness insurance" has the meaning set forth in IC 27-8-5-1.

Sec. 4. As used in this chapter, "preauthorization" means a determination by:

(1) an insurer concerning whether a proposed health care service that a provider proposes to provide to an insured is covered under the policy of accident and sickness insurance;

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(2) a health maintenance organization concerning whether a proposed health care service that a provider proposes to provide to an enrollee is covered under the individual contract or the group contract;

before the health care service is provided.

Sec. 5. (a) The department shall prescribe a standard preauthorization procedure that must be used by an insurer or a health maintenance organization.

(b) The procedure prescribed under subsection (a) must be automated to the extent possible.

Sec. 6. The department may adopt rules under IC 4-22-2 necessary to implement this chapter.

SECTION 4. IC 27-13-1-10.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 10.5. "Credentialing" means a process through which a health maintenance organization makes a determination:

(1) based on criteria established by the health maintenance organization; and

(2) concerning whether a provider may serve as a participating provider.

SECTION 5. IC 27-13-43 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

Chapter 43. Credentialing

Sec. 1. (a) Except as provided in subsection (b), this chapter applies to a health maintenance organization that provides basic health care services.

(b) This chapter does not apply to the credentialing of a provider by a health maintenance organization if the provider's application for credentialing is only for purposes of providing health care services to:

(1) a Medicaid recipient under a Medicaid risk based managed care program described in IC 12-15-12; or

(2) an individual who is covered under the children's health insurance program established under IC 12-17.6-2.

Sec. 2. The department shall prescribe a credentialing application form in electronic or paper format, which must be used by:

(1) a provider who applies for credentialing by a health maintenance organization; and

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1 (2) a health maintenance organization that performs
2 credentialing activities.

3 SECTION 6. [EFFECTIVE JULY 1, 2005] (a) The general
4 assembly encourages health coverage providers to:

5 (1) place copies of the provider's:

6 (A) certificates of coverage;

7 (B) policy forms; and

8 (C) provider directories; and

9 (2) provide multilingual assistance to members who have
10 questions;

11 on the provider's Internet web site.

12 (b) This SECTION expires December 31, 2007.

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